

Message Text

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ACTION ARA-10

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TO SECSTATE WASHDC IMMEDIATE 2197

INFO AMEMBASSY PANAMA

UNCLAS MEXICO 5030

E.O. 11652: N/A

TAGS: AFSP, ASEC, MX

SUBJ: MEXICO CITY MARINE GUARD QUARTERS

PANAMA FOR RMO

REF: A. STATE 115109

B. STATE 125023

C. MEXICO 4090

1. GSO MET AFTERNOON JUNE 14 WITH PRESPECTIVA LESSOR NEW MSG HOUSE AND PRESENTED PROPOSAL FOR FIRM LEASE TO BE EXECUTED PRIOR JUNE 30. PROPOSAL AS REFINED DURING DISCUSSION INCLUDES FOLLOWING ESSENTIAL ELEMENTS:

A. BASE CONTRACT TERM FROM JUNE 30, 1974 THROUGH DECEMBER 31, 1977 AT FIXED RENT OF PESOS 20,000 PER MONTH. PAYMENT OF FIRST 18 MONTHS IN ADVANCE WITH ANNUAL ADVANCE PAYMENTS ON JANUARY 1, 1976 AND JANUARY 1, 1977. N.B. LEASE PROVISIONS LEAVE OPTION OF MONTHLY OR QUARTERLY PAYMENTS WITH USG, BUT WE BELIEVE FIXED RENTAL FOR 42 MONTH IN MEXICO CITY IS WELL WORTH ANNUAL PAYMENT.

B. THREE TWO-YEAR OPTIONS FOR USG TO EXERCISE, CARRYING CONTRACT THROUGH DECEMBER 12, 1983. RENT OPEN TO INCREASE NOT TO EXCEED 10 PERCENT FOR EACH OPTIONAL PERIOD (NOT YEAR) TO EXTENT OWNER CAN DEMONSTRATE CORRESPONDING PROPERTY VALUE INCREASE IN IMMEDIATE NEIGHBORHOOD. N.B. OWNER EXPRESSED SOME CONCERN ABOUT TOTAL LENGTH OF OPTIONAL PERIODS AND LIMIT ON RENTAL INCREASE. WE MAY HAVE FURTHER DISCUSSION OF THESE POINTS,

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BUT MAJOR ADJUSTMENTS NOT LIKELY.

C. WE AGREED, IN INTERESTS OF SAVING TIME AND EFFICIENCY TO OBTAIN COST ESTIMATES OF ALL WORK REQUIRED TO (1) PREPARE HOUSE FOR NORMAL OCCUPANCY AND (2) FINISH IT OFF FOR MARINE DETACHMENT USE. OWNER AGREES THAT ALL WORK CONTEMPLATED BENEFITS BOTH PARTIES IN VARYING DEGREES AND IS WILLING TO FUND SUBSTANTIAL PORTION DIRECTLY.

D. WE AGREED TO MEET AGAIN ON JUNE 19 TO REDUCE ALL DETAILS TO WRITING.

E. WE ASKED FOR POSSESSION OF PROPERTY NO LATER THAN JUNE 30, 1974, ASSUMING LEASE COULD BE SIGNED ON OR BEFORE THAT DATE. OWNER AGREED.

2. AT THIS POINT WE HAVE ACKNOWLEDGED A PROPOSAL FROM OWNER OF CURRENTLY OCCUPIED MARINE HOUSE (CONTRACT 5128-410052-FBO) WHICH CONTEMPLATES A LUMP SUM PAYMENT OF ABOUT US. 9,000 IN EXCHANGE FOR TERMINATION OF CONTRACT. WHILE THERE ARE CERTAIN DETAILS TO BE WORKED OUT TO ASSURE FINAL TERMINATION AND ACQUITTANCE, WE BELIEVE THE AMOUNT IS REASONABLE AND WE PROPOSE, SUBJECT TO ARA'S CONCURRENCE, TO OBLIGATE AND PAY IT BEFORE JUNE 30, 1974.

N.B. TERMS OF PENALTY SETTLEMENT WOULD PERMIT CONTINUED BRIED OCCUPANCY WHILE ARRANGEMENTS TO MOVE BEING MADE. EXPECT VACATE ON OR ABOUT JULY 31, 1974.

3. ASSUMING ANTI-TERRORISM FUNDS APPROVED IN PRINCIPAL PARA 5 STATE 125023 ARE FORTHCOMING, WE WILL ORDER FURNITURE (WHIT-ECRAFT) AND APPLICANCES FOR MSG HOUSE TO MAXIMUM EXTENT POSSIBLE. FURNITURE AND APPLICANCES IN CURRENTLY OCCUPIED HOUSE HAVE OUTLIVED THEIR USEFULNESS AND CAN BE DISPOSED OF LOCALLY BY SALE. (WILL SEND DETAILS SEPTTEL.)

4. ACTION REQUESTED:

A. TELEGRAPHIC APPROVAL OF OUTLINED LEASE PROPOSAL BEFORE COB JUNE 18, 1974.

B. AUTHORIZATION TO PROCEED WITH TERMINATION OF CONTRACT
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5128-410052-FBO ALONG LINES SET FORTH ABOVE; AND

C. ASSISTANCE IN ORDERING WHITECRAFT FURNITURE.
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